

MINUTE ITEM

9. (PROPOSED MINERAL EXTRACTION LEASE, VACANT STATE SCHOOL LAND, TEHAMA COUNTY - W. O. 2731, P.R.C. 2037.2.)

After presentation of Calendar Item 11 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO ISSUE A MINERAL EXTRACTION LEASE TO WILLARD L. JOHNSON, THE HIGHEST QUALIFIED BIDDER, IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 6 OF THE PUBLIC RESOURCES CODE, FOR 320 ACRES OF VACANT STATE SCHOOL LAND IN THE E $\frac{1}{2}$ OF SECTION 16, T. 25 N., R. 7 W., M.D.B. & M., TEHAMA COUNTY, SUBJECT TO THE PAYMENT OF A ROYALTY IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

FOR ALL CHROME ORE SHIPPED AND SOLD:

$$R = \$3.00 + 0.3 (C - \$60.00)$$

WHERE R = ROYALTY IN DOLLARS AND CENTS PER TON OF ORE

C = WEIGHTED AVERAGE GROSS SALES PRICE PER TON
OF ORE DETERMINED AT THE END OF FIRST YEAR
OF THE LEASE AND EVERY FOUR YEARS THEREAFTER.

THE MINIMUM ROYALTY SHALL NOT BE LESS THAN \$3.00 PER
TON OF ORE.

THE MAXIMUM ROYALTY SHALL NOT EXCEED 25% OF THE
AVERAGE GROSS SALES PRICE OF THE ORE.

A PERFORMANCE BOND IN THE PENAL SUM OF \$2,000 IS TO BE DEPOSITED BY THE LESSEE TO GUARANTEE THE FAITHFUL PERFORMANCE AND OBSERVANCE OF ALL LEASE CONDITIONS.

Attachment

Calendar Item 11 (1 page)

CALENDAR ITEM

MINERAL LEASE

11.

(PROPOSED MINERAL EXTRACTION LEASE, VACANT STATE SCHOOL LAND, TEHAMA COUNTY - W. O. 2731.)

On January 28, 1958 one bid was received in response to a published Notice of Intention of the State Lands Commission to enter into a lease for the extraction of chrome ore from 320 acres of vacant State school land in the E $\frac{1}{2}$ of Section 16, T. 25 N., R. 7 W., M.D.B. & M., Tehama County.

Publication of this offer was authorized by the Commission November 12, 1957 (Minute Item 8, page 3599). The bidder, Willard L. Johnson, offered a royalty of \$3 per ton, plus an additional royalty of 30 per cent of the sales price in excess of \$60 per ton received for chrome.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO ISSUE A MINERAL EXTRACTION LEASE TO WILLARD L. JOHNSON, THE HIGHEST QUALIFIED BIDDER, IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 6 OF THE PUBLIC RESOURCES CODE, FOR 320 ACRES OF VACANT STATE SCHOOL LAND IN THE E $\frac{1}{2}$ OF SECTION 16, T. 25 N., R. 7 W., M.D.B. & M., TEHAMA COUNTY, SUBJECT TO THE PAYMENT OF A ROYALTY IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

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A PERFORMANCE BOND IN THE PENAL SUM OF \$2,000 IS TO BE DEPOSITED BY THE LESSEE TO GUARANTEE THE FAITHFUL PERFORMANCE AND OBSERVANCE OF ALL LEASE CONDITIONS.